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Witness	:	M. Sierra

PUBLIC ADVOCATES OFFICE
CALIFORNIA PUBLIC UTILITIES COMMISSION

Report on the Results of Operations for Southern California Gas Company Cost Allocation Proceeding

Storage Overview And Proposals

San Francisco, California
May 15, 2025

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I. STORAGE OVERVIEW AND PROPOSALS

This exhibit presents the analyses and recommendations of the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) regarding Southern California Gas Company (SCG) and San Diego Gas and Electric (SDG&E) Cost Allocation Proceeding (CAP). SCG and SDG&E seek authority to revise rates for gas services and to implement gas storage-related proposals effective January 1, 2027, through December 31, 2029.[1] This application was presented pursuant to a directive in the previous proceeding's Main Settlement (attached to Decision (D.)24-07-009), which required the next CAP to be presented no later than September 30, 2025, for rates effective January 1, 2027.

The CAP determines how SCG and SDG&E propose to allocate the costs of gas service among customer classes, broadly categorized as core and noncore.[2] SCG owns and operates four underground storage facilities in its service territory: Aliso Canyon, Honor Rancho, La Goleta, and Playa del Rey, and proposes to divide their inventory and daily injection/withdrawal capacity among Core, Wholesale Core, Balancing, and Unbundled Storage (UBS) functional classes.

This exhibit focuses on the Core storage allocation, which is the largest single allocation in the proposal and the most consequential for residential ratepayers.

II. SUMMARY OF RECOMMENDATIONS

The following summarizes Cal Advocates' recommendations regarding SCG and SDG&E's Storage Proposals for the 2027 CAP.

- Reject the 2024 California Gas Report (CGR) as the sole demand input for the Core storage allocation. The 2024 CGR was produced by SCG and SDG&E using their own Navigator end-use model and California Energy Commission (CEC) Additional Achievable Fuel Substitution (AAFS) policy assumptions. As shown below, the 2024 CGR forecasts are contradicted by five consecutive winters of actual operating data

[1] SCG and SDG&E Application, A.25-09-014, at 1.

[2] Core customers are residential customers and small commercial customers; noncore customers are larger commercial, industrial, and electric generation customers. See Ex. SCG-Chapter 1, p. MMD-2.

and apply asymmetric statistical standards to supply and demand.

- Require SCG and SDG&E to re-derive Table MMD-2 using a five-year trailing window of actual core demand, symmetric with the median-based supply methodology that SCG and SDG&E themselves adopted in this Application.
- Reduce the Core inventory allocation from 76 Bcf to approximately 60-65 Bcf, reallocating the freed 11-16 Bcf to the UBS Program (which generates net revenues for customers through the Noncore Storage Balancing Account, or NSBA) and to the Balancing function.
- Reduce the Core winter withdrawal allocation from 1,500 MMcfd to approximately 1,200–1,300 MMcfd, reflecting the corrected Peak Day figure of 2,822 MMcfd and observed five-year peak demand of 2,469 MMcfd.
- Adopt a mid-period true-up provision. If actual average daily core demand in calendar year 2027 falls more than 5% below the planning figure, SCG and SDG&E shall file a Tier 1 advice letter to reallocate excess inventory from Core to UBS/Balancing for the remainder of the CAP period.

These adjustments preserve all Commission reliability standards, including the 1-in-35 cold day design criteria from D.06-09-039, while aligning the storage plan with observable operating conditions during the CAP period.

III. OVERVIEW OF CAL ADVOCTES'S ANALYSES

Cal Advocates conducted a comprehensive review of SCG and SDG&E's prepared testimony and an in-depth analysis of the workpapers, including the 2024 CGR, and issued multiple data requests to SCG and SDG&E to develop the record on actual recorded operations. This testimony focuses on four points:

1. Five winters of actual operating data show that SCG and SDG&E's forecasted core demand has been overstated by approximately 22% (on average).
2. SCG and SDG&E apply asymmetric statistical standards, a median value to capacity, and a 1-in-35 worst-case event to demand that systematically inflate the Core allocation.
3. SCG and SDG&E have admitted they have no mechanism to adjust the allocation downward during the CAP period if demand declines faster than forecasted.

4. The 1-in-35 standard SCG and SDG&E apply has been superseded by the Commission's more recent 2022 long-term gas planning framework (D.22-07-002), which the PG&E portion of the very same 2024 CGR follows.

A more detailed critique of the 2024 CGR, which provides additional supporting evidence for the points above, is provided in Appendix A. A side-by-side comparison of the current (D.24-07-009) and proposed allocations is provided in Appendix B.

IV. WHY THE CORE ALLOCATION SHOULD BE REDUCED

SCG and SDG&E propose to allocate 76[3] billion cubic feet (Bcf) of working inventory, 540[4] million cubic feet per day (MMcfd) of summer withdrawal, and 1,500[5] MMcfd of winter withdrawal to the Core class, representing 64.0%[6] of total storage inventory and 82.1%[7] of winter withdrawal capacity. The entire reasoning framework, as reflected in Table MMD-2 in their testimony, which combines (i) a 1-in-35 cold-year winter demand of 1,381 MMcfd, (ii) a 1-in-35 Peak Day demand initially shown as 2,983 MMcfd (subsequently corrected to 2,822 MMcfd in discovery[8]), and (iii) winter flowing supply assumed at 100%–120% of average year demand (949–1,139 MMcfd). All three demand inputs are drawn from the 2024 CGR.

Each of the four points below shows that this framework systematically overstates the storage need.

A. Five Winters of Actual Operating Data Contradict the 2024 CGR Forecast

The single most important fact in this proceeding is that recorded core peak demand has not come within hundreds of MMcfd of SCG and SDG&E's forecasted Peak Day in any of the past five winters.

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[3] Exhibit (Ex.) SCG-Chapter 1, p. MMD-3, Table MMD-1.

[4] Ex. SCG-Chapter 1, p. MMD-3, Table MMD-1.

[5] Ex. SCG-Chapter 1, p. MMD-3, Table MMD-1.

[6] Ex. SCG-Chapter 1, p. MMD-3, Table MMD-1.

[7] Ex. SCG-Chapter 1, p. MMD-3, Table MMD-1.

[8] SCG Response to Cal Advocates Data Request PubAdv-SCG_SDGE-014-MS, Q. 1. (correcting Table MMD-2 Column D from 2,983 to 2,822 MMcfd).

Table 2-1 below shows the highest recorded core peak demand for SCG and SDG&E combined for each winter from 2020–2021 through 2024–2025, compared to the 2024 CGR Peak Day forecast (both as originally filed and as corrected in discovery).

Table 2-1
Comparison of CGR 1-in-35 Peak Day Forecast to Actual Recorded SCG+SDG&E Core Peak Day Demand, Last Five Wintersb

Winter Season	Highest Actual Core Peak (SCG+SDG&E, MMcfd)	CGR Forecast Original (2,983 MMcfd)	CGR Forecast Corrected (2,822 MMcfd, per CalAdv-DR-014)	Overforecast vs. Actual (Corrected)
2020–2021	2,383	+600 (25.2%)	+439 (18.4%)	**439 MMcfd**
2021–2022	**2,469 (peak of record)**	+514 (20.8%)	+353 (14.3%)	**353 MMcfd**
2022–2023	2,336	+647 (27.7%)	+486 (20.8%)	**486 MMcfd**
2023–2024	2,183	+800 (36.6%)	+639 (29.3%)	**639 MMcfd**
2024–2025	2,158	+825 (38.2%)	+664 (30.8%)	**664 MMcfd**
5-Yr Average	**2,306**	**+677 (29.4%)**	**+516 (22.4%)**	**516 MMcfd**

Source: SCG Response to Cal Advocates Data Request PubAdv-SCG_SDGE-014-MS, Response 1. CGR Forecast – Corrected (2,822 MMcfd) from DR-014 Response 1, correcting Column D of Table MMD-2 to reflect SCG + SDG&E core demand only.

The takeaway from Table 2-1 is straightforward. Across five consecutive winters, SCG and SDG&E's CGR Peak Day forecast has overstated the highest recorded actual core peak demand by an average of 516 MMcfd, or 22.4%, relative to the corrected forecast figure. The deviation has widened over the most recent two winters: the 2024-2025 winter peak fell 30.8% below the corrected forecast. The peak of record across all five winters, 2,469 MMcfd in winter 2021-2022, is itself 353 MMcfd below the corrected CGR figure. This is not a forecast that has been validated by recent experience; it is a planning artifact disconnected from operating reality.

Average daily demand tells the same story. Table 2-2 below compares recorded SCG and SDG&E combined average daily core demand against the CGR's 949 MMcfd average year forecast for the three most recent calendar years.

Table 2-2
Comparison of CGR Average-Year Demand Forecast to Actual Recorded SCG+SDG&E Average Daily Core Demand, 2023-2025

Year	Actual Avg Daily Core Demand (SCG, MMcfd)	CGR Avg Year Forecast MMcfd	Direction of Error & Year Over Year (YoY) Trend
2023	1,097	949	+148 over forecast
2024	1,045	949	+96 over forecast; –52 YoY
2025	**1,005**	949	**+56 over forecast; –40 YoY**
2-yr change	**–8.4% (–92 MMcfd)**	**flat**	**Gap closing rapidly**

Source: SCG Response to Cal Advocates Data Request PubAdv-SCG_SDGE-014-MS, Response 3 (dated March 20, 2026). SCG Response to CalAdv-SCG_SDGE-004-MS_7_b, sheet "Data for Core Alloc 2027-29," SCG Response to Cal Advocates Data Request PubAdv-SCG_SDGE-004-MS, Response 7(b) (dated December 5, 2025).

Average daily demand has fallen 8.4% over two years, a decline of 92 MMcfd between 2023 and 2025, while the CGR assumes flat demand at 949 MMcfd through 2029. If that decline continues at even a modest pace, actual demand will fall below the 949 MMcfd forecast during 2026 or 2027, precisely when the new three-year CAP period begins. SCG and SDG&E are asking the Commission to lock in a storage allocation sized for a level of demand that will not exist during the CAP period. This trajectory is consistent with California's accelerating electrification and building-decarbonization policies, and with SCG and SDG&E's own modeling choice. SCG and SDG&E ran the Navigator end-use model using the CEC's AAFS scenario, itself a policy-driven declining-demand scenario, yet the resulting 2024 CGR outputs

nonetheless support the same 76 Bcf allocation that was adopted in the prior CAP cycle under different planning assumptions.

B. SCG and SDG&E Apply Asymmetric Statistical Standards That Systematically Inflate the Core Allocation

Beyond the empirical disconnect documented above, SCG and SDG&E's reasoning framework contains a fundamental methodological flaw: the same Table MMD-2 applies a typical-day statistical standard to supply, but a worst-case statistical standard to demand. This asymmetry, by itself, systematically oversizes the Core allocation.

Supply side median observed values. SCG and SDG&E size proposed firm injection and withdrawal capacities at 458 MMcfd and 1,826 MMcfd, respectively, expressly described as the median of daily capacity postings on SCG's Envoy Electronic Bulletin Board for the summer of 2024 and the winter of 2024-2025.[9] That is the 50th percentile i.e., the typical-day capacity, not a stressed condition.

Demand side 1-in-35 worst-case event. By contrast, SCG and SDG&E size the Core winter withdrawal allocation against a 1-in-35 cold-event Peak Day of 2,822 MMcfd, a planning condition that, by definition, has not been observed in the past 34 years and, as Table 2-1 shows, has not been approached in any of the past five winters.

This combination is not defensible on its own terms. If the median observed day is the correct basis for estimating how much capacity will be available, then a comparable statistical basis, not a 1-in-35 tail event, is the correct basis for estimating how much demand must be served. SCG and SDG&E cannot simultaneously (a) scale supply down to the median, thereby reducing the supply-side denominator, and (b) scale demand up to a 1-in-35 extreme, thereby inflating the need. Doing both in the same table systematically oversizes the Core allocation.

A symmetric framing would either pair median observed Peak Day demand with median observed capacity, or pair 1-in-35 Peak Day demand with 1-in-35 available capacity. Either approach produces a materially smaller Core allocation than the

[9] Ex. SCG-Chapter 1, pp. MMD-4 to MMD-5; SCG Response to Cal Advocates Data Request PubAdv-SCG_SDGE-004-MS, Qs. 3-4.

proposed 76 Bcf and 1,500 MMcfd. Cal Advocates' recommended methodology in Section V applies the same five-year actual operating data framework to the demand side that SCG and SDG&E adopted on the supply side.

C. SCG and SDG&E Admit There Is No Mechanism to Adjust the Allocation Downward Declines Faster Than Forecast

Cal Advocates specifically asked SCG and SDG&E what mechanism exists to adjust the 76 Bcf Core allocation downward during 2027, 2028, or 2029 if actual demand declines faster than the forecast. SCG and SDG&E's complete response was: "No mechanism currently exists."[10]

That admission converts what would otherwise be a planning disagreement into a one-way ratchet. Under SCG and SDG&E's proposal, if the CGR forecast turns out to be too high, as five years of operating data already strongly suggests it will be, there is no procedural path to recover the over-allocated capacity for the remainder of the CAP period. Every Bcf overallocated to the Core for three years is a Bcf unavailable for UBS transactions under Rate Schedules G-TBS and G-PAL, reducing net revenues that flow back to customers through the NSBA. The absence of a true-up mechanism is therefore not a neutral feature; it is a design choice that places the entire risk of overforecast on ratepayers and benefits SCG and SDG&E shareholder operations through the UBS-NSBA channel only on the upside.

Cal Advocates' fifth recommendation, the adoption of an explicit mid-period true-up triggered by a 5% negative variance, directly addresses this gap.

D. The Commission Superseded by the 2002 1-35 standard with its 2022 Long-Term Gas Planning Framework

There is also a more direct legal and policy problem with the proposal. The 1-in-35 standard SCG and SDG&E rely on, established in D.02-11-073, has been overtaken by the Commission's more recent 2022 long-term gas planning decision, D.22-07-002. That decision introduced a new framework comprising:

- a 1-in-90 Abnormal Peak Day for extreme-cold planning;
- a 1-in-2-year Cold Winter Day for routine winter conditions; and

[10] SCG response to data request CalAdv-SCG_SDGE-014-MS, Q. 7.

- a 1-in-10-year Peak Winter Day for typical peak planning.

The PG&E portion of the very same 2024 CGR that SCG and SDG&E rely on confirms that PG&E develops its winter forecasts under D.22-07-002:

> … developed consistent with the orders in the Long-Term Gas System Planning OIR D.22-07-002. … The three winter forecasts (1-in-90 Abnormal Peak Day (APD), 1-in-2-year Cold Winter Day, and 1-in-10-year Peak Winter Day)….[11]

Within a single report, one California gas utility (PG&E) applies the Commission's most recent long-term gas planning framework, while its co-authors (SCG and SDG&E) rely exclusively on the 1-in-35 standard from a 2002 decision. While the 1-in-35 cold day design criteria for core service was reaffirmed in D.06-09-039 and remains a valid reliability touchstone, the Commission's gas-planning analytical framework has advanced beyond the rigid application that SCG and SDG&E use to size the Core allocation here. Tying the 2027–2029 Core allocation to an outdated single-input application of the 1-in-35 standard, in a forecast the report itself acknowledges is highly uncertain (see Appendix A), aggravates the forecasting issue rather than resolving it.

V. CAL ADVOCATES' RECOMMENDED METHODOLOGY

Cal Advocates recommends that the Commission replace the 2024 CGR as the controlling demand input for the 2027-2029 Core storage allocation with a methodology grounded in observed operating data, applying the same statistical framework SCG and SDG&E themselves adopted on the supply side. Cal Advocates' approach uses a single, consistent five-year trailing window of actual operating data, addressing the asymmetry identified in Section IV.B together with an explicit reliability uplift and a mid-period true-up.

[11] 2024 California Gas Report at p. 56 ("… developed consistent with the orders in the Long-Term Gas System Planning OIR D.22-07-002. … The three winter forecasts (1-in-90 Abnormal Peak Day (APD), 1-in-2-year Cold Winter Day, and 1-in-10-year Peak Winter Day).

The recommendation has four components:

A. Replace the Peak Day input with a five-year actual maximum plus a documented reliability uplift

Use the highest recorded single-day SCG plus SDG&E core demand over the trailing five winters (2,469 MMcfd in winter 2021-2022) plus a 5% reliability uplift, yielding a planning Peak Day of approximately 2,600 MMcfd. The five-year window matches the supply-side window SCG and SDG&E themselves adopted (median Envoy postings for the summer 2024 and 2024-2025 winter periods) and is wide enough to span temperature variability without being so wide that it incorporates obsolete demographic conditions. The 5% uplift is a documented, transparent reliability margin, modest but conservative against a colder event than has been observed in the past five winters. The result, approximately 2,600 MMcfd, is approximately 222 MMcfd below the corrected CGR figure of 2,822 MMcfd and approximately 383 MMcfd below the originally filed 2,983 MMcfd.

Cal Advocates recommends a five-year actual maximum plus uplift, rather than the 1-in-35 design-day statistic, for three reasons: (i) it draws from the same statistical population used to set the supply side of Table MMD-2, eliminating the asymmetry described in Section IV.B; (ii) it produces a transparent, reproducible figure auditable directly from SCG's Envoy postings, rather than a modeled output drawn from a Navigator run that was constrained by the CEC's July 1, 2024 filing deadline (see Appendix A); and (iii) the 5% uplift is itself more transparent than the implicit 22.4% margin that SCG and SDG&E's CGR figure has carried over actual recorded peaks across the past five winters.

B. Replace the Cold-Year input with the trailing five-year P90 of actual winter daily core demand.

Use the 90th-percentile actual winter daily core demand across the last five winters rather than the CGR's 1-in-35 theoretical cold-year value. The 5-year actual winter daily average is 1,441 MMcfd, already very close to the CGR's 1,381 MMcfd cold-year figure, confirming that the CGR's cold-year demand input is not unreasonable on average. A P90 statistic over the five-winter window provides a defensible upper-bound estimate without resorting to a 1-in-35 tail event. Importantly, the comparability

between the actual five-year average and the CGR's cold-year figure validates Cal Advocates' broader point: using actual data does not endanger reliability; it simply removes the inflation introduced on the Peak Day input.

C. Replace the Cold-Year input with the trailing five-year P90 of actual winter daily core demand.

Use the trailing three-year actual average daily demand (1,097, 1,045, and 1,005 MMcfd, averaging approximately 1,049 MMcfd) rather than the CGR's flat 949 MMcfd. Cal Advocates uses a three-year window for the average-year input, narrower than the five-year window applied to the peak, because the average-year input drives total inventory and is the input most affected by California's accelerating electrification and decarbonization trend. A three-year window better captures the recent 8.4% two-year decline without being unduly distorted by the outlier 2022-2023 cold winter. Although this 1,049 MMcfd value is higher than the CGR's 949 MMcfd, it is paired with realistic Peak Day and Cold-Year inputs rather than the inflated CGR values, so the combined result still yields a smaller storage inventory requirement than the 76 Bcf proposal.

D. Add a mid-period true-up triggered by actual demand variance.

Adopt an explicit provision that, if actual average daily core demand in calendar year 2027 falls more than 5% below the planning figure, SCG and SDG&E shall file a Tier 1 advice letter to reallocate excess inventory from Core to UBS/Balancing for the remainder of the CAP period. This directly addresses the gap that SCG and SDG&E acknowledged when they stated, "No mechanism currently exists," in response to Cal Advocates' inquiry about downward adjustments, transforming the proposal from a one-way system into a symmetric mechanism.

Table 2-3 summarizes the projected effect of Cal Advocates' recommendations against SCG and SDG&E's proposal.

Table 2-3
Cal Advocates' Recommended Methodology – Projected Effect

Parameter	SCG and SDG&E Proposed (2024 CGR / Navigator)	Cal Advocates Recommended (Actual 5-yr Operating Data)	Reduction
Peak Day Core Demand	2,822 MMcfd (corrected)	2,469 MMcfd (worst actual + 0%) or 2,600 MMcfd (+5% buffer)	**~222–353 MMcfd**
Cold-Year Winter Demand	1,381 MMcfd	1,441 MMcfd (5-yr avg) or 1,500 MMcfd (P90)	**Comparable-validates lower storage need**
Avg-Year Daily Demand	949 MMcfd	1,005 MMcfd (2025 actual) trending downward	Use trailing-3-yr actual
Core Inventory	**76 Bcf**	**~60–65 Bcf**	**~11–16 Bcf freed (moves to UBS/Balancing)**
Winter Withdrawal	**1,500 MMcfd**	**~1,200–1,300 MMcfd**	**~200–300 MMcfd**

Source: SCG Response to Cal Advocates Data Request PubAdv-SCG_SDGE-014-MS, Qs. 1, 3, 4, and 7. SCG Response to Cal Advocates Data Request PubAdv-SCG_SDGE-004-MS, Qs. 7(b) and 12. Demand framework described in Ex. SCG-Chapter 1, pp. MMD-5 to MMD-7.

VI. ALTERNATIVE DATA SOURCES THE COMMISSION SHOULD CONSIDER

Beyond correcting the methodology, Cal Advocates recommends that the Commission not rely exclusively on the 2024 CGR, a biennial document produced by SCG and SDG&E using their own Navigator end-use model with CEC AAFS inputs, as the controlling forecast for the Core allocation. More current, independent, or actually recorded sources are available:

- **CEC Integrated Energy Policy Report (IEPR).** The CEC updates the IEPR annually and produces an independent demand forecast that receives full public vetting. The 2025 IEPR will be more current than the 2024 CGR by the time the 2027 CAP period begins.
- **Actual Envoy-posted core storage balance and throughput data.** SCG already publishes daily core storage balance and throughput figures on its Electronic Bulletin Board. SCG and SDG&E used median Envoy data on the supply side; the same source can drive the demand side, restoring statistical symmetry.
- **SCG and SDG&E monthly gas acquisition filings and NSBA true-up data.** These contain actual core throughput and purchase quantities and are already in the Commission's possession.
- **A blended forecast.** Weight the 2024 CGR and the most recent three-year actual demand equally, giving appropriate weight to the Navigator-projected trajectory while anchoring the plan to observed reality.

VII. CONCLUSION

The 2024 CGR produced by SCG and SDG&E using the Navigator end-use model under CEC AAFS policy scenarios does not provide a defensible standalone basis for allocating 76 Bcf of working storage inventory and 1,500 MMcfd of winter withdrawal capacity to the Core class for 2027–2029. The forecast is contradicted by five consecutive winters of actual operating data, by the declining two-year trend in average-day demand, by SCG and SDG&E's own admission that no true-up mechanism exists, and by the internal asymmetry between the median-based supply statistics and 1-in-35 demand statistics combined in the same Table MMD-2.

Cal Advocates recommends three adjustments:

1) a five-year actual operating data methodology, a reduction in Core inventory to approximately 60-65 Bcf;
2) a reduction in Core winter withdrawal to approximately 1,200-1,300 MMcfd;
3) and a mid-period true-up to preserve all Commission reliability standards from D.06-09-039 and the broader gas-planning framework adopted in

D.22-07-002, while aligning the storage plan with observable operating conditions during the CAP period.

VIII. APPENDIX A: DETAILED CRITIQUE OF THE 2024 CALIFORNIA GAS REPORT

This Appendix sets out additional record evidence supporting the conclusion in Section IV that the 2024 CGR cannot bear the weight of controlling the 76 Bcf Core allocation. Each item below is independently documented in the record. Together, they reinforce but are not necessary to Cal Advocates' core argument that observed operating data should drive the Core allocation.

1. The 2024 CGR Explicitly notes it should not be used as a planning foundation.

The 2024 CGR opens with an explicit warning against using the report as a planning foundation without independent analysis:

> Any forecast, however, is subject to considerable uncertainty. Changes in the economy, energy and environmental policies, natural resource availability, and the continually evolving restructuring of the gas and electric industries can significantly affect the reliability of these forecasts. This report should not be used by readers as a substitute for a full, detailed analysis of their own specific energy requirements. (2024 CGR, Foreword, p. 2.)[12]

SCG's Chapter 1 testimony at page MMD-6 nonetheless uses the CGR's output as the sole numerical basis for Table MMD-2. That is precisely the use the CGR's own authors warn against.

2. The 2024 CGR did not include a sensitivity analysis for SCG or SDG&E.

The CGR contains an "Analysis of Forecast Uncertainty" section on pages 50-51 that, via Figure 6, quantifies the sensitivity of Core and EG demand to competing AAFS 2 versus AAFS 3 assumptions with ranges approaching ±300 MMcfd. This analysis is performed only for Northern California (PG&E). No equivalent sensitivity analysis exists

[12] 2024 California Gas Report at Foreword, p. 2.

for SoCalGas or SDG&E anywhere in the 2024 CGR. Applicants confirmed this gap directly:

> SCG has not conducted an analysis of its peak day forecasts' sensitivity to the California Energy Commission's (CEC) fuel substitution or energy efficiency forecasts.[13]

The record, therefore, contains no utility supplied confidence interval around the 2,822 MMcfd Peak Day figure that drives the entire core allocation.

3. SCG selected the AAFS 3 Programmatic scenario for filing-deadline reasons and acknowledges a newer CEC scenario exists.

The CGR narrative admits the scenario selection that drives the SCG/SDG&E Core forecast was constrained by the July 1, 2024, filing deadline rather than by any finding of technical superiority:

> For the purposes of the 2024 California Gas Report (CGR), SoCalGas used the CEC's adopted AAFS Programmatic 3 Scenario from the 2023 Integrated Energy Policy Report (IEPR) forecast based on availability in order to timely submit the 2024 CGR by July 1, 2024, as well as suitability for gas system planning purposes. Subsequent to this selection, the CEC adopted an additional AAFS scenario (Gradual Transition) that is between their earlier AAFS 2 and 3 scenarios. Based on initial comparison of the AAFS 3 Programmatic and Gradual Transition forecasts, relatively little difference in the early part of the forecast (through 2030) is apparent.[14]

The point is not that the choice between AAFS 3 Programmatic and Gradual Transition meaningfully changes the demand number through 2030; SCG itself says it does not. The point is methodological: SCG's own narrative confirms that the controlling demand input was selected for scheduling convenience, that a more current CEC-adopted scenario exists, and that SCG has not gone back and tested the resulting forecast against the newer scenario. That is a candid acknowledgment that the controlling input is not the best available input.

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[13] SCG response to data request CalAdv-SCG_SDGE-014-MS, Q.8.

[14] 2024 California Gas Report at p. 108.

4. PG&E rejected the AAFS 3 Programmatic for its own service area, citing CEC staff guidance.

The co-author of the very same 2024 CGR reached a different conclusion for Northern California and stated so in the report:

> Since the CEC staff recommended against the use of the managed gas scenarios presented in the 2023 IEPR for gas system planning, the demand forecast for Northern California utilizes PG&E's 2024 Annual Load Forecast (ALF) BE forecast. This BE forecast is between the widely varying 2023 IEPR Additional Achievable Fuel Substitution (AAFS) Scenarios 2 and 3 ….[15]

The AAFS 3 'Programmatic' assumption is substantially lower in magnitude than PG&E's 2024 ALF. (CGR p. 46.)

Within a single report, one California gas utility (PG&E) cites CEC staff guidance to reject AAFS 3 for gas system planning, while its counterparts (SCG and SDG&E) adopt AAFS 3 as the sole input to the Core storage allocation. The Commission should not elevate a forecast whose own co-authors cannot agree is a defensible gas system planning input.

5. The CGR Peak Day forecast included non-SCG/SDG&E customers and required correction in discovery.

CGR Table 33 on page 157 reports a 2027 "Total Demand" of 3,003 MMcfd, comprised of SCG Core Demand (2,550), SDG&E Core Demand (293), and "Other Core Demand" of 160 MMcfd. The CGR's own Note 3 defines that last column as the demand of Southwest Gas Corporation, the City of Long Beach, the City of Vernon, and Ecogas customers entities that are not SCG or SDG&E core customers.[16]

SCG and SDG&E's Chapter 1 testimony at page MMD-6 carried that figure into its key sizing calculation as Column D of Table MMD-2. In response to Cal Advocates' discovery request, SCG corrected Column D from 2,983 MMcfd to 2,822 MMcfd, a 161 MMcfd correction (approximately 5%) to remove non-SCG/SDG&E customers from the

[15] 2024 California Gas Report at pp. 45-46.

[16] 2024 California Gas Report, Table 33, p. 157, n. 3.

figure used to size the SCG/SDG&E Core allocation.[17] The correction came from a discovery response, not from an errata to the prepared testimony.

6. The CGR Peak Day is a constructed design-day, not an observed value, and the construction drifts away from observed conditions.

CGR Table 33 Note 4 defines the 1-in-35 extreme peak day criteria as "a system average temperature of 40.6 degrees Fahrenheit for SCGs' service area and 43.5 degrees Fahrenheit for SDG&E's service area."[18] SCG and SDG&E confirmed in discovery that the Peak Day demand "is calculated using the 1-in-35-year peak day temperature condition as well as the average daily December demand for each market segment," i.e., it is a modeled output, not an observed day.[19]

On page 106 of the same report, SCG explains that it is applying a climate-change warming adjustment that reduces heating-degree days by 7 per year through 2040, meaning SCG itself expects winters to be milder going forward. A design-day calculation that fixes a freezing extreme as an input, combined with an overall trend of warmer winters, produces a Peak Day number that drifts upward and away from what the system actually experiences. That drift is exactly what Table 0-1 at the top of this exhibit shows.

7. The CGR's own historical sendout table is inconsistent with its core-only Peak-Day assumption.

CGR's Table 17 reports actual SCG winter output for the five most recent historical years, 2019-2023, at 3,913, 3,881, 3,837, 3,953, and 3,736 MMcfd.[20] Those are total-system numbers, including all the noncore industrial and power generation customers. SCG testimony at page MMD-5 (quoting D.02-11-073) assumes that on an extreme peak day, noncore service is "fully interrupted," so that core customers receive

[17] SCG response to data request CalAdv-SCG_SDGE-014-MS, Q.1.

[18] 2024 California Gas Report at p. 157, n. 4; SCG Response to PubAdv-SCG_SDGE-014-MS, Q. 8.

[19] SCG response to data request CalAdv-SCG_SDGE-014-MS, Q.8.

[20] 2024 California Gas Report, Table 17, p. 22.

priority. Yet SCG and SDG&E's core-only Peak Day forecast of 2,822 MMcfd exceeds the recorded total-system peak in three of the five years in the CGR's own reference window. A forecast that models core-only demand at levels higher than observed all-customer demand in the same source document is internally inconsistent.

8. Cumulative impact

None of these points are dispositive on their own. Each is in the record, and each independently weighs against treating the 2024 CGR as the controlling rather than supporting input for a three-year, 76 Bcf allocation. Taken together with the operating data, asymmetric statistics, and the absence of a true-up mechanism documented in Section IV, these factors compel the conclusion that the Commission should base the 2027-2029 Core allocation on observed operating data, not on the 2024 CGR alone.

IX. APPENDIX B: STORAGE ALLOCATION TABLES

Table B-1 below provides a side-by-side comparison of the storage allocations adopted in D.24-07-009 for the current 2024–2026 CAP period and the allocations proposed by SCG and SDG&E for the 2027–2029 CAP period.

Table B-1
Side-by-Side Comparison: Current (D.24-07-009) vs. Proposed (2027-2029) Storage Allocations

Class	Current Allocation (D.24-07-009, 2024–2026)	SCG/SDG&E Proposal (2027–2029)	Change
Core Inventory	76.0 Bcf	76.0 Bcf	No change
Wholesale Core Inventory	2.5 Bcf	2.8 Bcf	+0.3 Bcf
Balancing Inventory	12.0 Bcf	12.0 Bcf	No change
UBS Inventory	29.0 Bcf	28.0 Bcf	–1.0 Bcf
Total Inventory	119.5 Bcf	118.8 Bcf	–0.7 Bcf
Summer Injection (firm)	800 MMcfd (one-day max)	458 MMcfd (median)	Methodology change
Winter Withdrawal (firm)	2,400 MMcfd (one-day max)	1,826 MMcfd (median)	Methodology change
Core Winter Withdrawal	1,500 MMcfd	1,500 MMcfd	No change

Source: Ex. SCG-Chapter 1, p. MMD-2, line 15 (current 119.5 Bcf); p. MMD-3, Table MMD-1 (proposed 118.8 Bcf and class allocations); SCG Response to Cal Advocates Data Request PubAdv-SCG_SDGE-004-MS, Qs. 1, 3, and 4 (median Envoy capacity methodology).

As Table B-1 shows, the SCG and SDG&E proposal does not change the Core inventory allocation (76.0 Bcf) or the Core winter withdrawal allocation (1,500 MMcfd) from the levels approved in D.24-07-009. Total inventory drops only marginally (from 119.5 Bcf to 118.8 Bcf), reflecting a smaller working inventory at Playa del Rey due to water intrusion. The most consequential change is methodological: SCG and SDG&E

now propose to use median Envoy capacity values (the 50th-percentile day) rather than the one-day observed maxima used in D.24-07-009, while continuing to size the Core allocation against a 1-in-35 worst-case demand statistic. The asymmetry created by combining these two methodologies is the principal subject of Section IV.B.

X. WITNESS QUALIFICATIONS – MARICELA SIERRA

My name is Maricela Sierra, and I am affiliated with the Public Advocates Office at the California Public Utilities Commission, where I serve as a Public Utilities Regulatory Analyst within the Energy Cost of Service and Natural Gas Branch. My professional office is situated at 505 Van Ness Avenue, San Francisco, California.

I attained a Bachelor of Arts in Economics from California State University, Sacramento, in 2000. Throughout my tenure at the Commission, I have prepared expert testimony and served as an expert witness on various subject matters and proceedings, including General Rate Cases (GRC), the Biennial Cost Allocation Proceeding (BCAP), the Triennial Cost Allocation Proceeding (TCAP), the Cost Allocation Proceeding (CAP), the Energy Cost Adjustment Clause (ECAC), as well as Greenhouse Gas (GHG) emissions, Gas Transmission and Storage (GT&S), and the Track 3 Recovery of Costs associated with Wildfire Mitigation. My responsibilities include conducting comprehensive cost-benefit analyses, analyzing cost allocation and rate design complex models, plant additions, results of operations (RO), revenue requirements, capital expenditures, plant additions, income tax, rate base, and other operating revenues.

As an expert witness, I have performed econometric and non-econometric forecasts of sales, customers, meters. My experience includes both linear and non-linear regression analyses, along with various statistical assessments. This work has been integral to numerous proceedings involving electric, natural gas, and water utilities.

This statement concludes my prepared testimony.